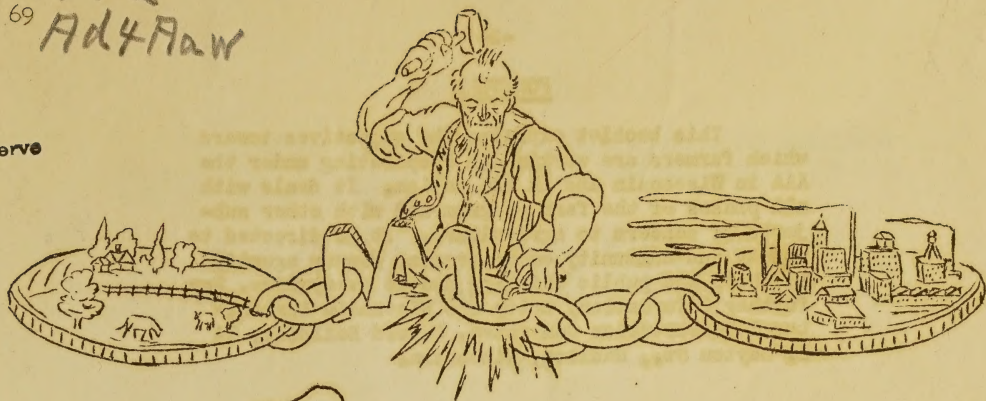


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# THE AAA IN WISCONSIN

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## FOREWORD

This booklet explains the objectives toward which farmers are working in cooperating under the AAA in Wisconsin and in the nation. It deals with all phases of the farm program and with other subjects of concern to agriculture. It is directed to county and community committeemen, county agents, teachers and public thinking people everywhere. For further information, write the Wisconsin Agricultural Conservation Committee, Oxford Building, 14 E. Dayton St., Madison, Wisconsin.

Wisconsin Agricultural Conservation Committee

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## WHY THE AAA FARM PROGRAM

The two basic reasons why we need the Agricultural Adjustment Administration program of agricultural conservation are: TO STABILIZE PRODUCTION AND TO CONSERVE OUR NATURAL RESOURCES OF SOIL.

### The Stabilization of Production

American farmers produce more than they can sell. They raise surpluses and get low prices. The business of farming has been affected by world and other conditions over which the individual farmer has no control, such as:

1. Expansion of acreage during the previous World War added 40 million acres to our cropland. They became surplus immediately after the end of the war.
2. Since 1920 the production of 40 million acres formerly used to feed horses and mules has entered the food market. Tractors and trucks have replaced horses and mules for transportation and power.
3. The loss of markets. The United States entered the World War a debtor nation and left it a creditor. This meant that foreign nations owing us money could not buy as much as when we owed them. The increased use of tariffs by other nations as well as the United States helped to reduce the amount of agricultural exports from the United States. Foreign buying, for that reason, as well as other reasons, has decreased. At the same time, foreign competition has increased. For instance, world wheat production increased 400 million bushels in the last 10 years. Cotton production, 8 million bales.



- 3 -

THE GENERAL WORLD DEPRESSION HAS INCREASED THE AVAILABLE FOOD SUPPLIES BY DECREASING THE AMOUNT CONSUMED BOTH IN THE U.S. AND IN FOREIGN COUNTRIES.

4. Increased farm efficiency. Better seeds and better farming practices have brought greater production. Hybrid corn is a good example; and better cultivation methods is another.

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#### The Soil Problem

An inventory of our soil resources indicates that 50 million acres of land--roughly five times the cultivated area of England--have been destroyed in this country to date by erosion and over-cropping.

Fifty million more acres have been damaged to a point that they can no longer produce a fair living for the operators. Another 100 million acres have been seriously affected. Erosion has begun on 100 million more acres. IN WISCONSIN ALONE, IT HAS BEEN ESTIMATED THAT 10 PER CENT OF THE 35 MILLION ACRES OF LAND HAVE BEEN DESTROYED BY EROSION AND A LARGE PERCENTAGE HAS BEEN AFFECTED BY VARYING DEGREES OF EROSION.

The continued planting of soil-depleting crops has removed mineral and organic qualities from our soil to a point that the use of commercial fertilizer has become necessary.

Soil is the most valuable of our natural resources and it is the duty of all of our people to help save and conserve that soil.

LOW FARM PRICES COMPEL FARMERS TO PLANT MORE SOIL-DEPLETING CROPS, ALSO KNOWN AS CASH CROPS, AND AS A RESULT HASTEN THE DESTRUCTION OF OUR SOIL. THE TRIPLE-A INTENDS TO HELP CONSERVE SOIL BY INCREASING THE FARMER'S INCOME AND BY MAKING PAYMENTS TO FARMERS SO THEY MAY BE ABLE TO CARRY OUT GOOD FARMING PRACTICES FOR SOIL CONSERVATION. IT PROVIDES FOR TAKING LAND OUT OF THE PRODUCTION OF SOIL-DEPLETING CROPS AND PUTTING IT INTO SOIL-CONSERVING CROPS.

JUL 30 1945

## PARITY OF INCOME

What does the word parity mean?

During the period 1910 to 1914 prices farmers received for their products were considered to be on a parity, or on a fair level of exchange, with the prices the farmers paid for industrial products. This fair level gradually got out of balance, until in the early thirties, IT TOOK BETTER THAN \$2 WORTH OF FARM PRODUCTS TO BUY \$1 WORTH OF THOSE INDUSTRIAL PRODUCTS. BY 1939 THAT DIFFERENCE HAD BEEN REDUCED TO A POINT THAT IT TOOK APPROXIMATELY \$1.25 WORTH OF AGRICULTURAL PRODUCTS TO BUY \$1 WORTH OF INDUSTRIAL PRODUCTS.

\* \* \*

But, even now, prices farmers pay are 25 per cent higher than they were from 1910 to 1914. Industrial wage rates are 115 per cent higher. Total national income is up about 50 per cent.

BUT FARM PRICES AND FARM INCOME IS ABOUT THE SAME OR A LITTLE LOWER THAN IT WAS IN THIS PRE-WAR PERIOD OF COMPARISON.

Farm prices, as a whole, in the fall of 1939 were about 75 per cent of parity.

Not once since the World War have farm prices reached that fair exchange relationship level. Since that time farm prices always have lagged behind other prices. IN OTHER WORDS, FARM INCOME HAS BEEN BELOW PARITY. On the basis of other prices, farm prices should be higher than they are.

If the price of wheat, for instance averaged 80 cents in 1939, it would take  $37\frac{1}{2}$  bushels to buy a suit of clothes valued at \$30. Since clothing prices were about 25 per cent less in 1910 to 1914 and the wheat price was about \$1 per bushel, it would have taken only about 24 bushels of wheat to buy the same suit of clothes at that time. In other words, it takes 35 per cent more wheat to buy the comparable suit of clothes. The wheat price, then, is about 35 per cent below parity. To be on parity, the wheat price should be \$1.25 per bushel so it would take 24 instead of  $37\frac{1}{2}$  bushels to buy that suit of clothes today.

\* \* \*

LOW FARM PRICES MEAN NOT ONLY THAT FARMERS CANNOT SPEND AS MUCH IN CITIES BUT ALSO MEAN THAT FARMERS CANNOT SPEND WHAT THEY SHOULD TO KEEP THEIR FARMS AND THEIR SOIL IN GOOD CONDITION. THE AMOUNT OF SOIL CONSERVATION DEPENDS TO A LARGE DEGREE ON THE AMOUNT OF FARM INCOME.

One of the main objectives of the Agricultural Adjustment Administration is to put agriculture on the same income level with other groups in this country. Agriculture can accomplish that by adjusting supply to demand.



### WHY ACREAGE ALLOTMENTS

The story of the need for acreage allotments goes back to the need for the present farm program.

The United States needs approximately 315 million acres of all types of cropland to produce food and fiber for the home market. We need about 25 million additional acres for export sales. Total requirements, therefore, are about 340 million acres, and that requirement does not change much from year to year.

BUT THE UNITED STATES CONTINUES TO PRODUCE FROM MORE THAN THAT NEEDED ACREAGE. IT HAS A TOTAL HARVESTED ACREAGE OF 365 MILLION AND A SURPLUS OF FROM 10 TO 25 MILLION ACRES EACH YEAR.

The amount of land needed for soil-depleting crops for 1940 has been judged at 270 to 285 million acres, which represents the national goal of agricultural production in soil-depleting crops.

\* \* \*

Farmers each year deplete their soil on the 10 to 25 million surplus acres without good cause. Those surplus acres produce surplus crops. Growing surplus crops both harm the soil and the farmers' income.

As individuals, farmers cannot solve their problems. The problems are too big for individual action. But farmers know they are losing soil and failing to receive their fair share of national income. The AAA recognizes these problems and attacks them from a national standpoint. It helps to bring farmers together to solve them. THAT IS THE REASON FOR ACREAGE ALLOTMENTS--TO BRING FARMERS TOGETHER IN ADJUSTING PRODUCTION TO MEET NEEDS AND SAVE AND CONSERVE THE SOIL THEY DON'T NEED. Farmers everywhere have land on which it would be better to build up the soil instead of breaking down the soil with crops that aren't needed anyway.

\* \* \*

INDIVIDUAL FARM ALLOTMENTS, THEN, ARE BASED ON THIS NEED FOR ACREAGE ADJUSTMENT, ON THE CROP HISTORY OF THE FARM, AND ON THE SCORE SHEET OF SOIL MANAGEMENT GOALS, KNOWN AS THE NCR-203.

The score sheet, filled out by local committeemen, describes the farm on the basis of the tillable acreage, topography of the land, the degree of erosion and past and present productivity of the soil. By assigning weights to these factors, it indicates the acreage of soil depleting crops which may be wisely grown on the farm.

AGRICULTURAL HISTORY SINCE THE WAR

Efforts to solve the agricultural problem are not new. The McNary-Haugen bills of 1924, 1927 and 1928 provided for dumping surpluses of agricultural products abroad. Others such as the McKinley-Adkins bill of 1926 or the Jones-Ketcham bill of 1928 called for export bounties in the effort to increase sales to foreign countries. The farm board plan of 1929 could not hold up prices through buying up surpluses off home markets. All these plans tried to solve the agricultural problem by marketing control.

The first step toward adjustment of production came with the Domestic Allotment Plan of 1932. In general it contained the basic principles of the present program. It was not passed by Congress.

\* \* \*

THEN CAME THE AGRICULTURAL ADJUSTMENT ACT OF 1933 AND ITS SUCCESSORS, THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT OF 1936 AND THE AGRICULTURAL ADJUSTMENT ACT OF 1938. TODAY, UNDER THE 1938 ACT, THE AAA PROVIDES:

1. Conservation payments to farmers who adjust the acreage of their soil depleting crops as prescribed in allotments and carry out soil building practices.
2. Commodity loans to cooperators who set up storage reserves in an ever-normal granary.
3. Parity or price adjustment payments to growers of corn, wheat, cotton, tobacco and rice when prices drop below 75 per cent of parity.
4. Marketing control of surpluses when approved by two-thirds of the producers voting.
5. Freight rate investigation and study.
6. Federal crop insurance on wheat.
7. Purchases of farm surpluses for relief distribution.
8. Market expansion through research on new uses for farm products.
9. Funds to subsidize the export of farm surpluses.



## PERFORMANCE OF THE AAA IN WISCONSIN

### Soil Conservation

Since conservation of the soil became an emphasized part of the AAA farm program in 1936, the Wisconsin farmers who have participated in the program have taken out of production 1,643,684 acres of soil-depleting crops and have planted those acres in soil-building or non-depleting crops.

For the last four years, these farmers have planted on the average of 1,900,000 acres of legumes and grasses. They have spread an average of 270,000 tons of limestone, 1,800,000 pounds of superphosphate, 253,000 pounds potash, 82,500 pounds of rock phosphate, and have applied legume mixture to 50,000 acres. Each year these participants have planted an average of 1,165 acres of trees.

LOW FARM INCOME IS A BIG CAUSE FOR MINING THE SOIL WITH SOIL-DEPLETING CROPS. Figures of the Wisconsin Crop Reporting Service show that in 1933, 71 per cent of crop land in the state was in soil-depleting crops. In 1934, 74 per cent was in soil depleting crops. But by 1938, with the farm program bringing better income and payments for conservation and generally better economic conditions increasing farm income, THE PERCENTAGE OF SOIL-DEPLETING CROPS WAS DOWN TO 66 PER CENT.

### Farm Income

THE AVERAGE WISCONSIN FARM INCOME INCREASED FROM \$1,081 PER FARM IN 1933 TO \$1,467 PER FARM IN 1938. Total farm income in the state increased from about \$160,000,000 in 1932 to \$290,000,000 in 1938. The 1938 income did not include payments of \$9,792,000 earned by 152,219 farmers who participated in the AAA farm program. The average payment per farm was \$64.33.

Further indicating greater financial stability was the decline in Wisconsin farm mortgage debt from \$504,016,000 in 1930 to \$421,053,000 in 1938.

THE AAA CAN TAKE A GOOD SHARE OF CREDIT FOR IMPROVING FARM INCOME OVER THIS PERIOD OF YEARS.

Participation under the AAA. In Wisconsin 177,938 farmers signed applications to participate in the 1939 farm program. This covered 88 per cent of farms and 92 per cent of cropland.

## GOOD FARMING AND THE AAA

Wise land use pays. It pays not only because farmers assure themselves fertile soil for the future, but also because wise land use means better income in the present.

WHAT ARE GOOD FARMING PRACTICES INTO WHICH THE AAA FITS?

1. Soil testing.
2. Liming.
3. Application of phosphate and potash
4. Building of organic matter by
  - Green Manuring
  - Longer rotations
  - Stable manuring
5. Legume seeding
  - Red clover
  - Alfalfa
  - Sweet clover
6. Terracing and strip cropping
7. Forest and woodlot planting
8. Pasture improvement by
  - Lime, potash, phosphate, legumes & grasses
9. Better cultural practices
  - Preparation of seed beds
  - Handling the nurse crop
  - Innoculation
  - Cover crops
10. Rotational grazing
11. Supplementary grasses such as nurse crops,
  - soybeans, etc.
12. Efficient farm management through
  - Better seeds
  - Diversified farming
  - Fertilization of soil
  - Use of machinery
13. Keeping up farm repairs
14. Efficient marketing
15. General improvement practices

To take one of those practices alone as an example of how good farming pays, here is a conclusion from the bulletin, "Economic Information for Wisconsin Farmers", prepared by the university College of Agriculture:

"That alfalfa aids in greatly enhancing farm income is shown by a comparison of the records from 55 farms (out of a total of 863 farms) having one-third or more of the total crop acreage in alfalfa with the records from 863 farms which averaged 12% of their total crop land in alfalfa."



This survey showed that the average labor income for the 55 farms with more than a third of crop land in alfalfa was \$1,123. On the rest of the 863 farms the average labor income was \$672. The 55 farms also excelled the others in farm management practices which tend to increase farm income. Generally the farmer with the largest acreage in alfalfa showed a higher cash return per acre of crops, kept more livestock and livestock of a better quality.

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### The Income Problem and Good Farming

FARMERS CANNOT AFFORD MANY GOOD FARMING PRACTICES WITHOUT A GOOD INCOME. THEY NEED MONEY TO BUILD AND CONSERVE THEIR SOIL.

Figures on the total acreage of cropland in soil-depleting crops in Wisconsin increased during the low depression years. In years of low income farmers turn to these soil-depleting cash crops to make a living. They mine their soil and forsake soil conservation.

Even when farm prices are below parity, farmers cannot carry out the good farming practices their land needs. And farm prices and farm income have been below parity since the World War.

The AAA program provides payments to participators for soil building practices which give them additional income to carry out good farming. Furthermore, the program aims to eliminate the farmer's surpluses, thereby bringing better income and the opportunity to feed the soil as well as the stomach.

USING THE SOIL IS LIKE USING A CHECKING ACCOUNT IN A BANK. THE SOIL ACCOUNT NEEDS INVESTMENTS TO REMAIN SOLVENT JUST LIKE THE CHECKING ACCOUNT MONEY. IT CANNOT YIELD A RETURN FOREVER WITHOUT DEPOSITS BEING MADE IN IT. THOSE DEPOSITS MAY BE IN THE FORM OF LIME, FERTILIZER, SOIL-CONSERVING CROPS OR ANY OF THE OTHER PRACTICES PROVIDED IN THE AAA FARM PROGRAM.

In planning their soil building work, too, farmers should remember that no crops will grow on soil that is sour from lack of lime or poor from lack of other qualities. It does not pay to plant either soil-conserving crops or soil-depleting crops on worn out land.

IT PAYS TO KNOW THE SOIL AND TREAT IT WELL.

### DAIRYING UNDER THE AAA

The agricultural conservation program encourages planting of soil conserving crops which fit in well among good practices for dairy farming.

Alfalfa, for instance, which can be seeded to earn soil building payments under the program, not only protects the soil but is a good feed, a good pasture crop, and is being used increasingly for silage. Pasture improvement and seeding practices also are well suited to dairy farming. The program, in addition, provides for use of fertilizers, such as lime and phosphate, which can prepare soil for good pasture crops as well as enrich the soil.

\* \* \*

BY FAR THE GREATEST ENEMY TO THE DAIRYMAN IS CHEAP FEED PRICES. WHEN FEED PRICES DROP, FARMERS WHO DEPEND UPON FEED CROPS FOR THEIR INCOME TURN TO DAIRYING FOR ADDITIONAL INCOME. WHEN FEED PRICES ARE AT A FAIR LEVEL, THESE FARMERS CAN EARN ENOUGH AND DO NOT COMPETE WITH WISCONSIN DAIRYING.

Furthermore, prices of farm products usually follow one another quite closely. When feed prices drop, for example, milk production is cheaper, milk production increases and dairy prices drop. A drop in several farm prices tends to bring all farm prices down.

To illustrate the price relationship, a survey shows that for a period of about the last 15 years the price of butter has consistently been about one half the price of corn.

THROUGH ITS ADJUSTMENT AND EVER-NORMAL GRANARY PROVISIONS, THE FARM PROGRAM AIMS TO IMPROVE AND STABILIZE PRICES OF MAJOR FARM PRODUCTS. By assuring fair prices for farmers who raise other crops in other regions, the AAA assures Wisconsin dairy farmers that these others will not have to turn to dairying to increase their income.

The ever-normal granary means steady supplies and steady prices of corn. By preventing low prices in years of heavy production, it helps prevent any increase in competition. By keeping prices reasonable through release of stored corn in poor crop years, it can keep the cost of dairy production down in times of shortage.



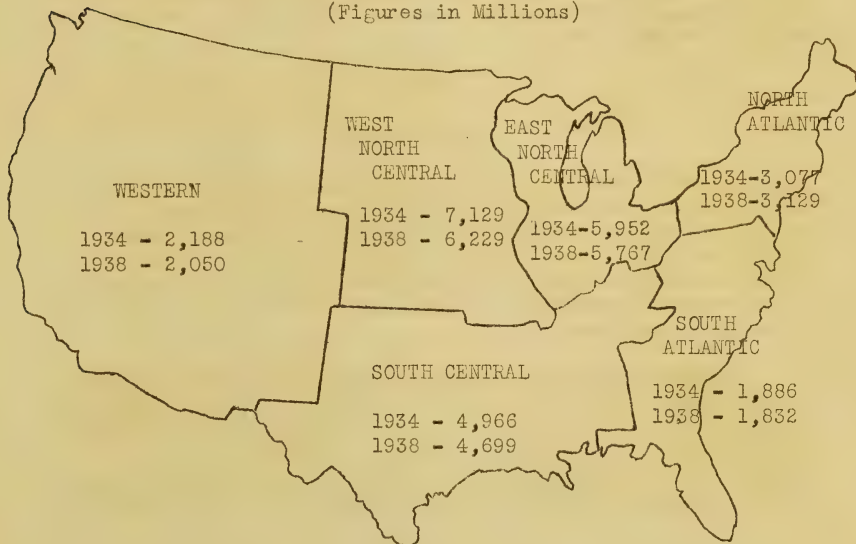
Wisconsin dairymen probably have heard the comment that the increase in soil conserving crops as a result of the agricultural conservation program encourages dairying in other regions.

THE FARM PROGRAM HAS BEEN IN EFFECT SINCE 1933. THE FIGURES BELOW, COMPILED BY THE BUREAU OF AGRICULTURAL ECONOMICS, SHOW WHETHER THE PROGRAM HAS HAD ANY EFFECT ON THE NUMBER OF MILK COWS.

Region	Number of Milk Cows (Figures in millions, i.e. 000 left off)				
	1934	1935	1936	1937	1938
North Atlantic	3,078	3,041	3,068	3,101	3,129
East North Cent.	5,942	5,810	5,789	5,752	5,767
W. North Central	7,143	6,693	6,515	6,309	6,229
S. Atlantic	1,873	1,866	1,847	1,824	1,832
S. Central	5,039	4,879	4,698	4,661	4,699
Western	2,216	2,118	2,071	2,063	2,050
Total U.S.	25,119	25,291	24,407	23,988	23,706

HERE IS THE PICTURE ON A MAP:

NUMBER OF MILK COWS BY REGIONS IN UNITED STATES  
(Figures in Millions)



TOTAL-----1934 - 25,198,000  
1938 - 23,706,000

### WISCONSIN AND THE EVER-NORMAL GRANARY

Although the ever-normal granary provisions of the AAA farm program directly affect only 12 corn counties, the entire state of Wisconsin benefits from its provisions.

THE EVER-NORMAL GRANARY MEANS STORAGE OF CROPS FROM YEARS OF PLENTY FOR YEARS OF SCARCITY. BOTH CONSUMERS AND PRODUCERS ARE PROTECTED.

In years of big yields when weather conditions are good, producers would get low prices and small incomes if they put all their crop on the market. The country does not need all of a big yield. In those years, therefore, producers are protected with loans above the market price so that they can afford to store the extra crops and keep their markets from being glutted. They hold up their price, assuring themselves of a decent income, without disadvantage to anyone.

In years of scarcity, either brought by poor weather conditions or sudden extra demand, consumers are protected from high, unfair prices. Those consumers may be the general public which eats the finished products of farm crops of farmers who use crops for feed. By opening the ever-normal granary and putting stored reserves on the market in such years of shortage, both supplies and prices are kept stable. The ever-normal granary covers wheat, corn, cotton, rice and rye.

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### CROP INSURANCE

A new feature of the AAA program during 1939 was the "all risk" crop insurance on wheat. Over 500 Wisconsin farmers had applied for insurance on their 1940 crop during the fall of 1939. Because all transactions are in terms of wheat, this crop insurance program serves as an addition to the ever-normal granary. Premiums in wheat are stored for use as loss payments.

GROWERS OF WHEAT CAN INSURE UP TO 75 PER CENT OF THEIR CROP AT ONLY A SMALL COST. IF RUST, DROUGHT, GRASSHOPPERS, FROST, ICE OR ANY OTHER CAUSE RUINS OR PARTLY RUINS THE CROP BEFORE HARVEST, THEY RECEIVE INDEMNITY PAYMENTS. This insurance is administered by the Federal Crop Insurance Corporation, a branch of the AAA and Department of Agriculture.



# IMPORTS-EXPORTS

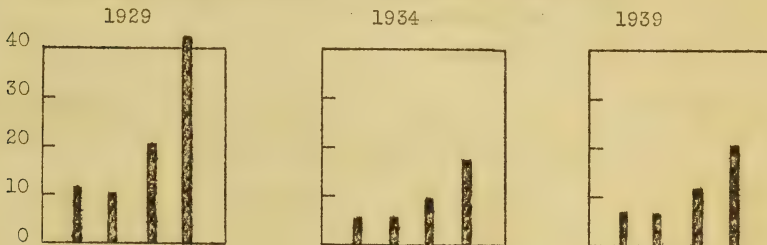
The following chart shows the competitive import situation as a whole:

Year Ended <u>June 30</u>	<u>Agricultural</u>		All Imports	Percent of Competitive
	Non-			Imports
	Competitive	Competitive		
(All figures in million dollars)				
1929	1,147	1,030	4,492	24.2
1930	1,010	889	3,849	23.1
1931	650	512	2,432	21
1932	459	375	1,730	21.6
1933	331	282	1,168	24
1934	420	419	1,674	24.4
1935	436	498	1,789	27.8
1936	500	642	2,208	28.6
1937	670	867	2,892	29.9
1938	567	588	2,381	25.2
1939	512	486	2,079	23.4

Taken from Bureau of Agricultural Economics.

The figures on the export-import chart on page 15 are for the calendar year and therefore are different.

HERE IS THAT IMPORT SITUATION IN GRAPH FORM:



The bar at the left represents non-competitive imports, next competitive, next all agricultural, and the bar at the right, all imports.

Commenting upon these import figures, the bulletin "Foreign Crops and Markets" published by the office of Foreign Agricultural Relations, says:

THE DECLINE IN FARM IMPORTS THROUGHOUT THE PAST TWO YEARS TOOK PLACE WHILE THE TRADE AGREEMENTS PROGRAM WAS IN FULL EFFECT. THIS SHOWS CLEARLY THAT THE AGREEMENTS HAD VERY LITTLE TO DO WITH THE INCREASE IN FARM IMPORTS DURING THE YEARS FOLLOWING THE DROUGHTS. DUTY RESTRICTIONS HAVE PREVENTED HARMING DOMESTIC PRODUCERS.

Competitive Imports

	1924-29 (Average)	1932 (All figures in million dollars)	1937	1938
Total competitive				
agr'l. imports	988,000	292,000	867,000	588,000
Corn (bu.)	1,966	348	86,337	404
Wheat (bu.)	1,489	3	8,684	48
Cottonseed, oil-cake and meal (lbs.)	21,142	1,059	41,952	6,581
Butter (lbs.)	8,058	1,053	11,111	1,642
Cattle (no.)	315	97	495	424
Hogs (lbs.)	13,729	34	16,555	57
Total meat products	108,613	46,750	191,906	148,149
Eggs (doz.)	328	244	520	232

THESE COMPETITIVE IMPORT EXAMPLES TELL THEIR OWN STORY.

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The Export Picture

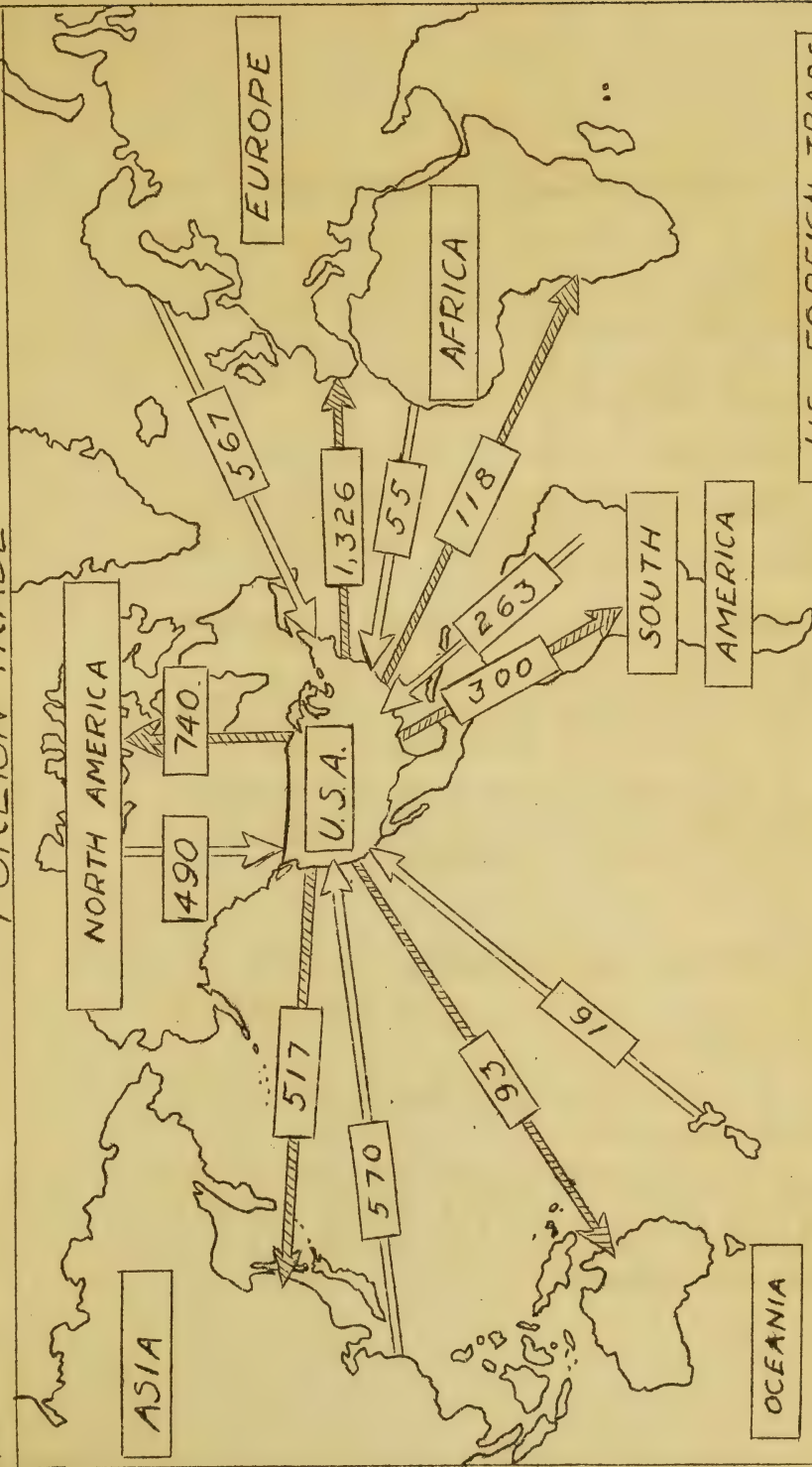
On the export side, figures show that agricultural exports also have declined in the last ten years. Although they have been increasing from world depression lows, losses of cotton markets have retarded recovery. While agricultural exports were somewhat lower in 1939 than in 1938, if cotton were eliminated from the data, the figures would show agricultural exports higher than during any of the six previous years.

Here are the figures:

Year ended June 30	Agricultural (All figures in million dollars)	All Commodities	Agricultural Percentage
1929	1,847	5,284	35
1930	1,496	4,618	32
1931	1,038	5,032	34
1932	752	1,908	39
1933	590	1,413	42
1934	787	2,008	39
1935	669	2,085	32
1936	766	2,375	32
1937	732	2,791	26
1938	891	3,362	27
1939	683	2,884	24



## FOREIGN TRADE



U.S. FOREIGN TRADE  
IN 1938  
BY CONTINENTS  
IN MILLIONS OF DOLLARS

1938 TOTAL TRADE  
EXPORTS 3,094  
IMPORTS 1,961

THE AMERICAN MARKET FOR THE AMERICAN FARMER

The American farmer still has the American market for the things he produces, the same as he has always had. He supplies about 90 per cent of the American market. That percentage has not declined recently. If anything, it has increased. (See chart, page 18).

BUT WHY DOESN'T THE AMERICAN FARMER, WITH HIS AGRICULTURAL SURPLUSES, SUPPLY 100 PER CENT?

Here's why.

First, if he could supply 100 per cent, he would be raising products which he is not equipped to produce, such as coffee, rubber, silk, and bananas. These products would be raised only at a very high unit cost, if at all.

Second, because he would be shutting out all imports of foreign farm products, his products would likewise be shut out of foreign markets. He could not afford that, because he now sells more than the country buys. It would mean that he would lose the difference between what he sells and what is bought--or about \$528,000,000 per year.

IN OTHER WORDS, THE FARMER IS BEST OFF WHEN HE LETS FOREIGN PRODUCERS SUPPLY A TRICKLE OF COMPETITIVE IMPORTS AND CERTAIN SPECIALTY ARTICLES. THEN HE CAN PRODUCE AN ABUNDANCE OF THE THINGS HE CAN RAISE BEST.

\* \* \*

The Dairy Market for the Dairy Producer (See page 18)

Even during the period of heaviest dairy imports, from the years of 1924 to 1929, the amount of milk and milk products imported into this country never was more than 1.5 per cent of total American production. Since then that percentage has been running lower. In 1938 imports were only one-half of one per cent of domestic production.

ON THAT BASIS, AMERICAN FARMERS SOLD EVERY  $99\frac{1}{2}$  POUNDS OF CHEESE FOR EVERY  $\frac{1}{2}$  POUND IMPORTED. In 1938, about 531 million pounds of dairy products were imported. Average yearly production of dairy products in this country is 1 billion, 312 million pounds.



THE TRICKLE OF DAIRY IMPORTS IS MADE UP MOSTLY OF SPECIAL AND FANCY EUROPEAN CHEESES SUPPLYING A LUXURY DEMAND, AND A SMALL AMOUNT OF FRESH MILK AND CREAM FROM CANADA.

Another significant figure: Of the total imports of 55,490,000 pounds of cheese in the year ending June 30, 1939, only 2,804,000 pounds, OR 5 PER CENT, were cheddar cheese. The U.S. produces 500,000,000 pounds of cheddar cheese per year.

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#### The Beef Market for the Beef Producer

Since 1923, annual beef and cattle imports have averaged only 3 per cent of total United States production. They increased only when prices were high. In 1929, for instance, imports rose to a 15 year high of 6 per cent.

Live cattle from Canada and Mexico, together with canned beef, largely from South America, make up most of these imports. Live cattle imports for the last three years have been about the same as during the pre-depression period. From 1936-38, live cattle imports averaged 439,360 head per year. From 1927-29, they averaged 454,670 head per year.

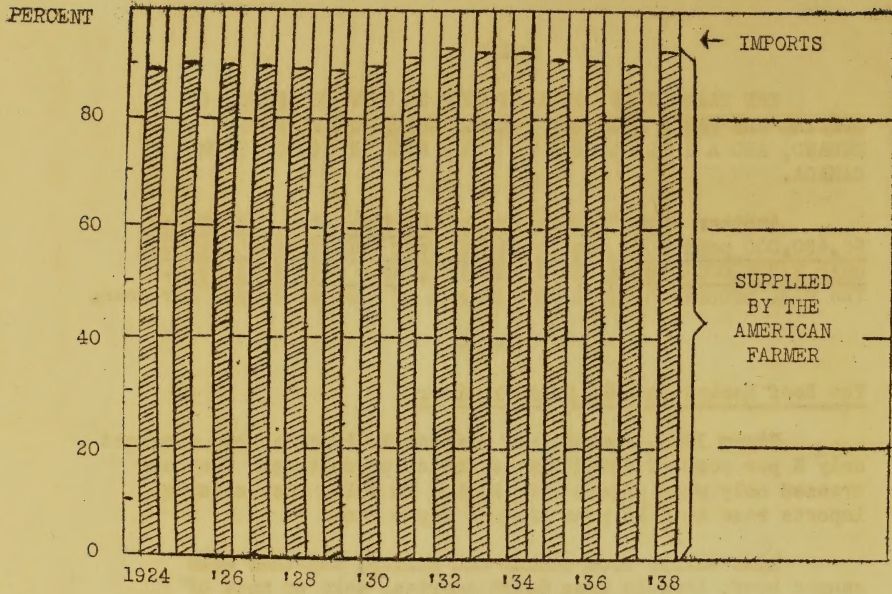
UP UNTIL 1934 THIS COUNTRY HAD JUST ABOUT STOPPED PRODUCING CANNED BEEF. FACILITIES WERE LIMITED AND AMERICAN PACKERS APPARENTLY FOUND THAT IT DIDN'T PAY. THEY HAD PRODUCED CANNED BEEF BEFORE THE WORLD WAR, BUT THIS BEEF WAS MOSTLY FROM LOW GRADE CATTLE. PACKERS FIND A MUCH BETTER AND ALMOST COMPLETE MARKET IN THE FRESH MEAT TRADE. BUT SOUTH AMERICA CAN PUT ITS BEST BEEF INTO CANS. SO AMERICAN PACKERS AND AMERICAN CONSUMERS HAVE COME TO DEPEND UPON SOUTH AMERICAN CANNED BEEF.

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#### Other Markets for the American Farmer

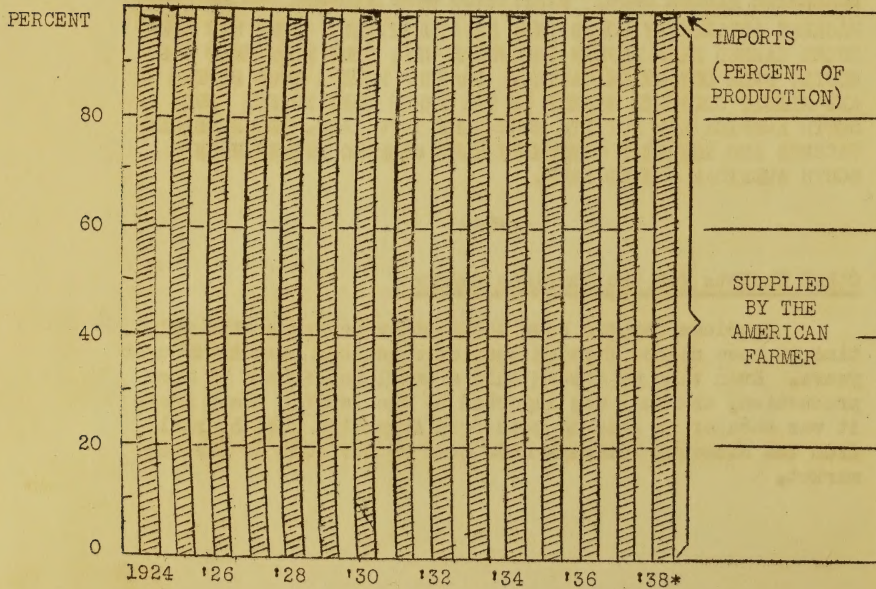
American farmers have their other markets. The only time we have needed foreign corn or wheat has been in drought years. Even then we needed only a small percentage of home production, and most was imported to the Pacific coast where it was cheaper to ship by boat from Argentina than by rail from the midwest. Farmers have over 99 per cent of the hog market.

THE AMERICAN FARMER HAS HIS HOME MARKET



Figures from Bureau of Agricultural Economics.

THE AMERICAN DAIRYMAN HAS HIS HOME MARKET



\*Preliminary



## DISTRIBUTION OF AGRICULTURAL PRODUCTS

Also recognizing the fact that farmers have a greater supply than the nation and world demands, are Department of Agriculture programs to widen farm markets.

### Surplus Commodities

The Food Stamp Plan is the most important of the plans for distribution of surplus agricultural commodities. Blue stamps are given to families on relief or without funds. With these blue stamps, needy families can purchase surplus foods, such as butter, eggs, fruits, corn products, lard, salt pork and wheat flour. Families receiving some form of public aid, such as WPA or pensions, can receive 50 cents worth of free blue stamps for each \$1 worth of orange stamps they purchase. Only the blue stamps are used for the surplus products. The orange stamps can buy almost any grocery product.

RESULTS OF THE FOOD STAMP PLAN SHOW THAT ABOUT 25 PER CENT OF THE BLUE STAMPS ARE SPENT FOR BUTTER, A DAIRY PRODUCT. ANOTHER 25 PER CENT ARE SPENT FOR EGGS.

The Department of Agriculture, through its Surplus Commodities Corporation, buys surpluses off the market. Cities which have the stamp plan help pay for the food distribution.

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A federal program for distributing relief milk in such cities as Chicago and Boston help dairy farmers. The government in the past has been buying surpluses of many goods for storage or for surplus distribution, helping dairy prices.

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### Widening Markets

Four government regional laboratories have been set up throughout the country to conduct research for new uses for agricultural products. This is an effort to help the farmer by discovering new uses for the products which he is raising in surplus now because of lost normal markets.

WHILE THE AAA TACKLES THE PROBLEM FROM THE PRODUCTION SIDE, SUCH PLANS AS THESE ALSO SEEK BETTER FARM PRICES.



## AGRICULTURE AND THE PUBLIC

### The Public As A Consumer

The AAA farm program has an important relationship with the consuming public. It means stabilizing supplies and prices so that consumers do not pay high prices at the expense of their own pocketbook in years of shortage, or get cheap products at the expense of farmers in years of surplus. Consumers can better plan their budgets with a stabilized agriculture.

THE FARM PROGRAM PROVIDES FOR ABUNDANCE FOR THE NATION'S CONSUMERS. FARMERS ADJUST THEIR PRODUCTION MORE IN LINE WITH DEMAND, BUT NEVER AT THE EXPENSE OF CONSUMERS. THEY CONTINUE TO PRODUCE PLENTIFUL SUPPLIES ON THEIR REDUCED ACREAGE. IT IS UNPROFITABLE FOR THEM TO PRODUCE WHAT THE PUBLIC CANNOT BUY THE SAME AS IT IS UNPROFITABLE FOR INDUSTRY TO PRODUCE TOO MUCH.

### Agriculture As A National Industry

Just like the plants in which many persons who are classified in the non-agricultural public work, farming is an industry. As it is wise for those other industries to keep production adjusted to demand, so it is wise for the farming industry:

### A Fair Share of Income

BECAUSE FIGURES ON PRICES FARMERS RECEIVE AND PRICES FARMERS PAY SHOW THAT FARM INCOME IS BELOW PARITY, THE PUBLIC MUST RECOGNIZE THE NEED FOR BETTER AGRICULTURAL INCOME. Since most farm products get to the public in a highly finished form, the difference in the farmer's price will not hurt the public. BUT IT WILL MEAN MUCH TO THE FARMER.

### The Nation's Soil Problem

Conservation of the soil is not only a farm problem. It is a problem of society. Society must depend upon the soil today and tomorrow for its food and fiber.

### Finally

THE FARMER'S DOLLAR ALWAYS GOES TO TOWN.